

1996 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE MARYLAND ECONOMY

The importance of small business to the state of Maryland is once again evident in the 1996 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy.

Of the **98,606** full-time business firms with employees in Maryland, **97.8** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **131,000** full-time self-employed persons in Maryland in 1995, for a total estimated full-time business population of **229,606** firms.

Small Business Income - the income of sole proprietors and partners rose **7.0** percent to **\$7.2** billion in 1995, while wage-and-salary income rose **4.5** percent. Total personal income rose **4.2** percent to **\$132.0** billion. The state also exported **\$5.2** billion of goods and services in 1995.

Maryland's number of women-owned businesses, including part-time firms, increased **48.7** percent from 1987 to 1992, totaling **121,777**. The number of Black-owned firms, including part-time firms, increased **65.0** percent from 1987 to 1992, totaling **35,758** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose **148.7** percent during the same time period with **7,289** firms in 1992. There has also been a

marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaska Natives. The number for the group grew from **7,954** in 1987, to **13,697** in 1992, representing a **72.2** percent increase.

Small businesses with fewer than 20 employees reported **10.4** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of Maryland.

The composition of small business in Maryland is very diverse. The **Health Services** industry is the largest small business employer in Maryland. Other significant small business industries are, in descending order: **Eating and Drinking Places, Special Trade Contractors, Business Services, and Engineering and Management Services**. The fast-growing industries include **Museums, Chemicals and Allied Products, Security, Commodity Brokers and Services, Electronic and Electronic Equipment, and Rubber and Miscellaneous Plastics**.

The number of new firms increased **31.3** percent, The highest in the nation. However, business bankruptcies increased by **20.1** percent and business failures also increased by **12.6** percent.

An SBA Office of Advocacy study found that Maryland's top lenders to small businesses in 1995 were:

1. Commercial & Farmers Bank
2. Bank of Glen Burnie
3. Home Bank
4. Maryland Permanent Bank & Trust Corporation
5. Bank of Maryland
6. Bank of Eastern Shore
7. Annapolis National Bank
8. Calvert Bank & Trust Corporation
9. Peoples Bank of Kent City Maryland
10. Commerce Bank Corporation

In sum, small businesses have a striking impact on Maryland's economy. Not only do they play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1993, the latest year available, and was prepared for the Office of Advocacy, U.S. Small Business Administration by the Bureau of the Census, U.S. Department of Commerce.

The first table lists the industries that were the top five employers in the state, without regard to the size of the firm that provided the jobs. The next to last column in the table shows the percentage of persons employed in firms with fewer than 500 employees (small businesses) in those industries.

The second table lists the industries that employ the most people in firms with fewer than 500 employees. These are the top small business employing industries in the state. The "percent of total" column provides the percentage of total employment in the state accounted for by each of the industries listed.

The third table lists--for the 1991-1993 period--the fastest growing small business industries in the state. As many as five industries are shown. If fewer than 5 industries are shown, it is because 1991-1993 was a recessionary period in which there was little national employment growth. The industries listed represent those in which small businesses sustained the economy during a period of little aggregate employment growth.

Top Five Industries in Maryland by Employment, 1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	PERCENT SMALL	RANK
Health Services	197,373	11.5	41.2	1
Business Services	135,285	7.9	54.3	2
Eating & Drinking Places	122,892	7.2	65.1	3
Engineering & Management	84,930	4.9	58.2	4
Special Trade Contractors	75,888	4.4	93.8	5
TOTAL, ALL INDUSTRIES	1,718,114	100.0	54.6	

1993 Top 5 Small-Business-Dominated Industries in Maryland by Employment,

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	RANK
Health Services	81,222	8.7	1
Eating & Drinking Places	79,998	8.5	2
Business Services	73,514	7.8	3
Special Trade Contractors	71,176	7.6	4
Engineering & Management	49,437	5.3	5
TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES	937,432	100.0	

Fastest Growing Industries for Small Business in Maryland, 1991 - 1993

INDUSTRY	SMALL BUSINESS EMPLOYMENT IN		PERCENT CHANGE, 1991-1993	RANK
	1991	1993		
Eating & Drinking Places	75,541	79,998	5.9	1
Health Services	76,798	81,222	5.8	2
Engineering & Management	47,739	49,437	3.6	3
Business Services	72,832	73,514	0.9	4

Office of Advocacy, U.S. Small Business Administration. Based upon Census data,

prepared under contract.